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COSTS and RETURNS



**Commercial
Wheat
Farms**

**Pacific Northwest
Northern Plains
Southern Plains**

1961

This report is part of a continuing nationwide study of costs and returns on farms and ranches by type and size in some of the important farming regions of the United States, conducted under the general supervision of Wylie D. Goodsell, Farm Economics Division, Economic Research Service. Objectives, methodology, procedure, and terms are uniform for all areas covered in the study.

Publications in this series are:

Costs and Returns, Commercial Dairy Farms, Northeast and Midwest, 1961

Costs and Returns, Commercial Corn Belt Farms, 1961

Costs and Returns, Commercial Egg-Producing Farms, New Jersey, 1961

Costs and Returns, Commercial Cotton Farms, 1961

Costs and Returns, Commercial Tobacco Farms, Coastal Plain, North Carolina, 1961

Costs and Returns, Commercial Tobacco-Livestock Farms, Bluegrass Area, Kentucky, 1961

Costs and Returns, Commercial Wheat Farms, Plains and Pacific Northwest, 1961

Costs and Returns, Western Livestock Ranches, 1961

Summary statistics for all types of farms in the series are presented in the annual report, Farm Costs and Returns, Commercial Farms, by Type, Size, and Location, Agriculture Information Bulletin No. 230, Revised, 1962. In this annual report, information is given for 1961 with comparisons with 1960 and 1959, and with the period 1957-59.

COSTS AND RETURNS, COMMERCIAL WHEAT FARMS, PACIFIC NORTHWEST, NORTHERN PLAINS, SOUTHERN PLAINS, 1961

Edgar B. Hurd, Agricultural Economist,
Farm Economics Division, ERS

INTRODUCTION

Organization, costs and returns on typical wheat farms in three of the most important wheat-producing regions of the United States for 1960 and 1961 are presented in this report (fig. 1). Incomes on these wheat farms in 1961 varied from \$351 in portions of the Northern Plains to \$12,195 in the Southern Plains. Incomes on wheat farms in the Pacific Northwest and in the Southern Plains were about the same in 1961 and 1960. Estimated net farm incomes on these farms for 1960 and 1961 were as follows:

	<u>1960</u>	<u>1961</u>
Pacific Northwest:		
Wheat-fallow farms	\$11,868	\$11,940
Wheat-pea farms.....	11,136	11,434
Northern Plains:		
Wheat-roughage-livestock farms.....	5,559	1,423
Wheat-small grain-livestock farms	5,099	351
Wheat-corn-livestock farms.....	5,673	5,753
Southern Plains:		
Wheat farms.....	10,666	10,619
Wheat-grain sorghum farms.....	12,161	12,195

PACIFIC NORTHWEST

Wheat-fallow farms

Net farm incomes on wheat-fallow farms were slightly higher in 1961 than in 1960 but were about 25 percent lower than the 1957-59 average (table 1). In 1961, prices received were up about 6 percent from a year earlier but yields were down by about the same amount. Prices paid for goods and services used in production were about the same in both years.

As of January 1, 1961, the estimated average value per farm of capital invested in wheat-fallow farms was about \$148,280. This was a record high for these farms, and represented an increase of about 7 percent from a year earlier due largely to an increase in the estimated market price of land. Estimated value per acre of land rose from about \$85 in 1960 to \$91 in 1961.

LOCATION OF TYPES OF FARMS STUDIED

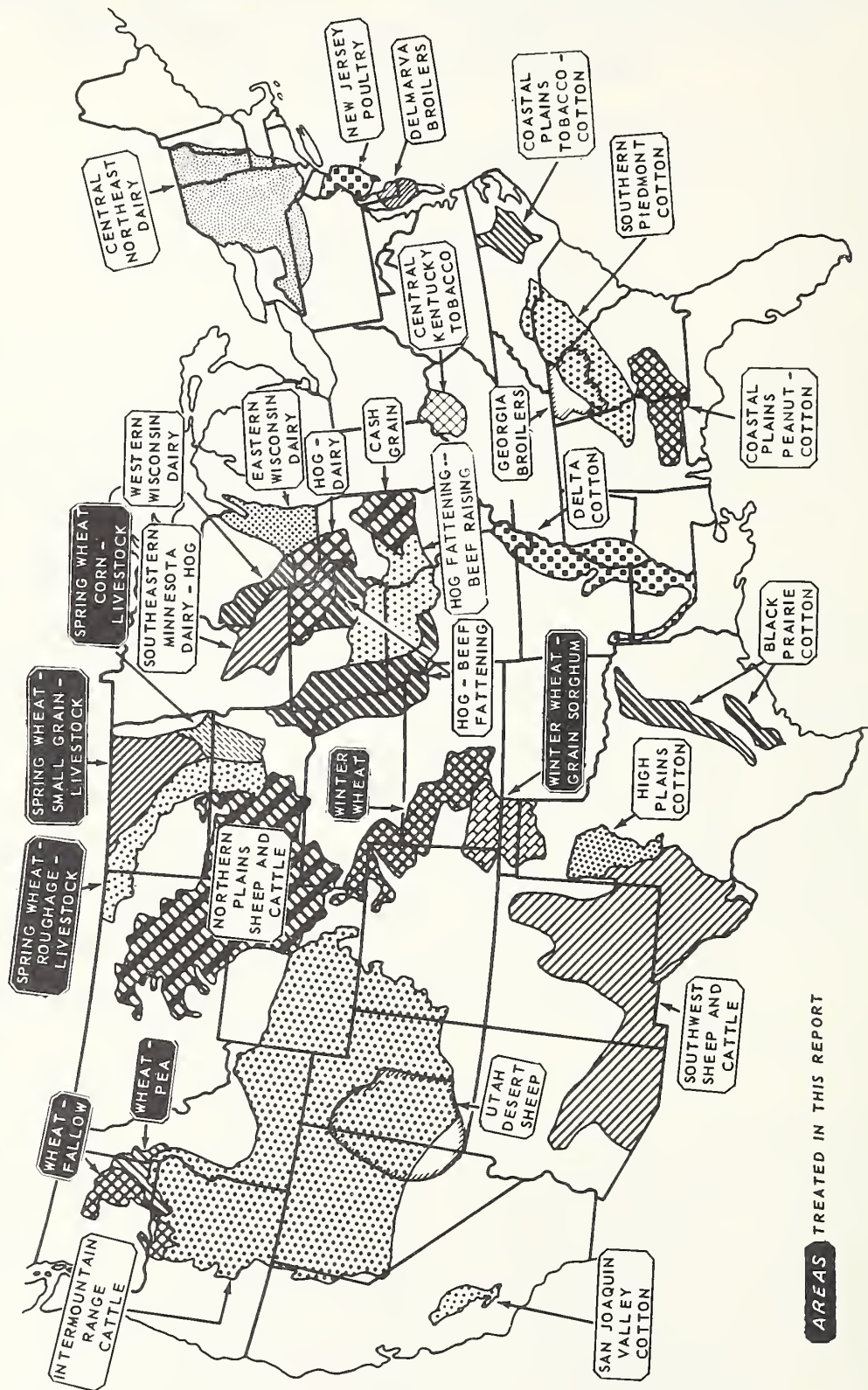


Figure 1.

Table 1.- Organization, production, costs and returns, wheat farms, Pacific Northwest, 1960 and 1961

Item	Unit	Wheat-fallow farms			Wheat-pea farms		
		1960		1961 ^{1/}	1960		1961 ^{1/}
		:	:	:	:	:	:
Gross farm income.....	Dollar	21,934	21,928		21,405	21,742	
Total operating expenses.....	do.	10,066	9,988		10,269	10,308	
Net farm income.....	do.	11,868	11,940		11,136	11,434	
Total land in farm.....	Acre	1,363	1,368		576	585	
Average value per acre.....	Dollar	85	91		271	263	
Total farm capital, Jan. 1.....	do.	138,620	148,280		177,480	175,280	
Land and buildings.....	do.	115,270	124,720		156,200	153,860	
Machinery and equipment.....	do.	17,540	17,950		17,110	17,120	
Livestock.....	do.	4,290	4,290		2,370	2,380	
Crops.....	do.	1,520	1,320		1,800	1,920	
Cropland harvested.....	Acre	461	476		380	395	
Wheat.....	do.	318	320		170	174	
Other small grains.....	do.	128	140		96	101	
Peas.....	do.	---	---		97	98	
Crop yields per acre:							
Wheat.....	Bushel	29	25		43	36	
Barley.....	Cwt.	14	17		18	20	
Peas.....	do.	--	--		10.50	10.90	
Prices received for products sold:							
Wheat, per bushel.....	Dollar	1.83	1.94		1.74	1.86	
Barley, per ton.....	do.	36.25	40.00		34.17	38.75	
Peas, per cwt.....	do.	---	---		4.13	4.24	
Steers and heifers, per cwt.....	do.	22.60	21.80		23.00	22.55	
Index numbers (1957-59=100):							
Crop yields per acre.....	---	88	82		89	80	
Prices received for products sold.....	---	98	104		100	105	
Prices paid, including wages to hired labor....	---	104	104		101	101	

^{1/} Preliminary.

Note: Information presented here is on an owner-operator basis primarily for comparability between types of farms. Net farm income is the return to operator and unpaid members of the family for their labor and management on the farm and return to total capital. No allowance has been made for payment of rent, interest, or mortgage.

The total quantity of machinery and equipment on wheat-fallow farms has not changed much since 1956. A change in the composition of these assets, however, has taken place. The old pull-type combine is being replaced by the self-propelled combine. Pull-type combines still in use are frequently 15 or more years old and are considered obsolete. Consequently, they are usually valued at about what their current repairs have cost. The average age of tractors on these farms has been increasing since about 1950. Tillage equipment usually lasts several years and the rate of replacement of these items is low. However, there has been some increase in the purchase of deep furrow drills and equipment to handle straw for trashy fallow. Use of this equipment reduces the blowing of soil and conserves moisture.

The quantity of hired labor on these farms continues to decline. In recent years, much of the decline has been the result of the increased use of self-propelled combines; earlier, it was due to the use of larger tractors. Operators of typical wheat-fallow farms used about 65 days of hired labor in 1961 compared with 127 days in 1951.

The value of the farm capital reflects its productivity and its ability to yield a return. In recent years 4 percent of the investment is equal to about one-half of the annual net income or one-fourth of the annual gross income.

Wheat-pea farms

Net farm income on typical wheat-pea farms was slightly higher in 1961 than in 1960. Prices received for products sold averaged 5 percent higher in 1961. Harvested acreage was up 4 percent and barley yields were up 11 percent from a year earlier. On the other hand, wheat yields were down 16 percent and were the lowest since 1952. Prices paid for goods and services used in production were about the same in 1961 as in 1960. The value of all invested capital dropped slightly in 1961 because of a slight decline in land values. Preliminary estimates indicate that the market value of farmland in the Palouse, which was valued at about \$270 per acre as of January 1, 1960, was \$260 per acre as of January 1, 1961. Land values attained record levels in 1959, when they were estimated at \$277 per acre.

Since 1954, barley has become an important crop on these farms due to wheat allotments and somewhat unattractive prices for peas. Barley is used mostly for livestock feed whereas wheat has been too high priced for this purpose. However, more livestock feed can be produced per acre at less cost if wheat is grown instead of barley. In most years wheat yields more per acre, measured in pounds, than does barley. For example in 1961, one of the better barley years and one of the poorer wheat years, wheat averaged 2,160 pounds and barley 2,006 pounds per acre.

NORTHERN PLAINS

Wheat-roughage-livestock farms

Net farm income on typical wheat-roughage-livestock farms averaged about \$1,423 per farm in 1961 compared with about \$5,559 in 1960 (table 2). Cash receipts on these farms in 1961 were not sufficient to pay all expenses including normal depreciation and interest on investment. Under these conditions, little or no machinery was replaced. Cash income on these farms in 1961 averaged \$5,877 compared with \$8,539 in 1960.

Crop yields in 1961 on these farms averaged only half as much as in 1960 and were the lowest since 1939, and the harvested acreage in 1961 was 27 percent smaller than in 1960. Per acre yields of wheat averaged 8 bushels and flax 3 bushels. In 1960, wheat averaged 17 bushels per acre and flax 6 bushels.

Prices received for products sold averaged 22 percent higher in 1961 than a year earlier, and were the highest since 1952. Durum wheat averaged about \$2.95 a bushel, other spring wheat \$2.05 per bushel, and flax \$3.15 per bushel. Prices paid for goods and services used in production averaged about 3 percent lower in 1961 than in 1960 and about 2 percent lower than the 1957-59 average.

The capital required to own and operate a typical wheat farm tends to increase a little each year. The size of the typical wheat-roughage-livestock farm has been increasing

about 10 acres a year. The estimated value of land per acre on January 1, 1961, was \$38.45 compared with \$37.93 a year earlier. The drop in income on these farms in 1961 may result in lower land prices in 1962.

Wheat-small grain-livestock farms

In 1961, income on wheat-small grain-livestock farms was barely sufficient to cover cash expenditures and normal depreciation. After allowing for these charges, operators had only \$351 return for their labor and management, family labor, and return on capital. The corresponding return in 1960 was \$5,099.

A severe drought plagued this area in 1961. Crop yields averaged about one-third as much as they did in 1960 and were the lowest since 1936. The harvested acreage was about 30 percent smaller than in 1960 and the yield per harvested acre of most crops was about 50 percent smaller.

Prices received for products sold in 1961 averaged 37 percent higher than in 1960, and were the highest on record with the exception of 1947. This increase was due mostly to higher prices for wheat and flax. Cattle prices were about the same in 1961 and 1960.

Only minor changes occurred in prices paid for the various items used in production on these farms.

In 1961 capital invested per farm amounted to a record high of \$52,110. Total capital per farm has been increasing each year since 1954 at an average annual rate of \$1,850 per year. Most of the increase has been the result of increasing real estate values. During this time the price of land increased 34 percent and the number of acres per farm increased 9 percent.

Wheat-corn-livestock farms

In 1961, net farm income for typical wheat-corn-livestock farms averaged \$5,753 per farm. This was a slight increase over 1960 (table 2).

Farm production in 1961 was about 12 percent smaller than in 1960. This compares with a decline of 52 percent on wheat-roughage farms and 63 percent on wheat-small grain-livestock farms. The wheat-corn-livestock farms were less affected by drought than were the other spring wheat farms. Also, the wheat-corn-livestock farms produce more livestock than the other

spring wheat farms, and in the Northern Plains the production of livestock tends to vary less from year to year than does the production of crops. Despite a substantial reduction in crop production, production of livestock and livestock products increased.

Crop yields per planted acre on wheat-corn-livestock farms averaged about 19 percent smaller in 1961 than in 1960. Yields of wheat and other small grains per planted acre were 20 to 30 percent lower than a year earlier. Yields per planted acre of flax were down 11 percent, corn down 4 percent and yields of alfalfa remained unchanged.

Prices received for crops averaged about 22 percent higher and for livestock and livestock products about 1 percent higher than in 1961, making an overall average increase of about 12 percent. Prices paid for goods and services used in production were about the same in 1961 and 1960.

SOUTHERN PLAINS

Wheat farms

In 1961, net farm income on typical winter wheat farms averaged about \$10,619 per farm (table 3), only slightly below a year earlier and about 17 percent higher than the 1957-59 average.

For forage sorghum and barley, average yield per acre was 27 percent higher and for grain sorghum it

was 9 percent higher in 1961 than in 1960. However, yields of wheat were 8 percent lower than in 1960.

The proportion of the farmland used for grain sorghum on these winter wheat farms was 24 percent less in 1961 than in 1960. This reduction was the result of participation in the 1961 Feed Grain Program. The acreage of other crops remained about the same.

Table 2.- Organization, production, costs and returns, wheat farms, Northern Plains, 1960 and 1961

Item	Unit	Wheat-roughage- livestock farms		Wheat-small grain- livestock farms		Wheat-corn- livestock farms	
		1960	1961 ^{1/}	1960	1961 ^{1/}	1960	1961 ^{1/}
Gross farm income.....	Dollar	10,311	5,830	11,436	5,800	10,389	10,481
Total operating expenses.....	do.	4,752	4,407	6,337	5,449	4,716	4,728
Net farm income.....	do.	5,559	1,423	5,099	351	5,673	5,753
Total land in farm.....	Acre	810	820	715	720	515	520
All cattle and calves.....	Number	42	46	21	24	46	49
Total farm capital, Jan. 1.....	Dollar	47,460	49,070	51,530	52,110	52,540	52,870
Land and buildings.....	do.	30,720	31,530	34,910	35,680	33,540	34,260
Machinery and equipment.....	do.	8,250	8,100	11,240	11,250	8,760	8,480
Livestock.....	do.	6,150	6,970	3,320	3,720	7,160	7,740
Crops.....	do.	2,340	2,470	2,060	1,460	3,080	2,390
Cropland harvested.....	Acre	421	306	405	288	345	327
All wheat.....	do.	124	102	148	127	67	69
Corn.....	do.	45	34	16	10	62	56
Flax.....	do.	34	26	55	28	29	25
Other small grains.....	do.	99	45	126	71	101	98
Crop yields per acre:							
All wheat.....	Bushel	17	8	21	9	20	16
Corn.....	do.	21	15	31	17	32	33
Flax.....	do.	6	3	7	4	8	8
Barley.....	do.	25	12	26	11	30	24
Prices received for products sold:							
Durum wheat per bushel.....	Dollar	1.92	2.95	1.94	3.05	1.92	2.95
Other spring wheat, per bushel.....	do.	1.81	2.05	1.79	2.05	1.81	2.05
Flax, per bushel.....	do.	2.55	3.15	2.55	3.15	2.55	3.15
Cattle, per cwt.....	do.	19.40	19.50	19.40	19.21	19.01	19.11
Index numbers (1957-59=100):							
Crop yields per acre.....	---	126	62	126	43	119	96
Prices received for products sold.....	---	90	110	90	123	93	104
Prices paid, including wages to hired labor....	---	101	98	101	101	101	102

1/ Preliminary.

Note: Information presented here is on an owner-operator basis primarily for comparability between types of farms. Net farm income is the return to operator and unpaid members of the family for their labor and management on the farm and return to total capital. No allowance has been made for payment of rent, interest, or mortgage.

Both land per farm and number of cattle per farm increased slightly in 1961. The size of farms has been increasing for many years and the trend in number of cattle has been upward since 1957.

Prices paid for goods and services used in production were slightly higher in 1961 than 1960.

Wheat-grain sorghum farms

Net farm incomes on wheat-grain sorghum farms averaged about the same in 1961 and 1960 (table 3). However, they were about 40 percent above the 1957-59 average.

Crop yields for these farms were about the same in 1960 and 1961. They were at record high levels, and nearly 60 percent above the

1957-59 average. Prices received for products sold averaged 5 percent higher in 1961 than in 1960. In 1961, grain sorghum sold for \$1.64 per hundredweight and wheat brought \$1.80 per bushel. These were somewhat above prices a year earlier (table 3). Prices paid for goods and services averaged about the same in both years. Investment per farm was slightly higher in 1961. The estimated value January 1, 1961, was \$89,440 per farm, a record high.

In 1961 the harvested acreage was about 11 percent smaller than in 1960 due to the Feed Grain Program and the reduced acreage of grain sorghum. The acreage in wheat remained about the same in 1960 and 1961.

Table 3.- Organization, production, costs and returns, wheat farms, Southern Plains, 1960 and 1961

Item	Unit	Wheat farms		Wheat-grain sorghum farms	
		1960	1961 ^{1/}	1960	1961 ^{1/}
Gross farm income.....	Dollar	16,881	17,097	17,911	18,097
Cash receipts.....	do.	15,675	14,890	17,105	15,768
Government payments.....	do.	136	384	60	668
Value of perquisites.....	do.	771	803	737	721
Change in inventory.....	do.	299	1,020	9	940
Total operating expenses.....	do.	6,215	6,478	5,750	5,902
Net farm income.....	do.	10,666	10,619	12,161	12,195
Total land in farm.....	Acre	773	787	750	756
All cattle and calves.....	Number	48	50	44	45
Total farm capital, Jan. 1.....	Dollar	94,140	96,310	88,500	89,440
Cropland harvested.....	Acre	368	356	416	369
Wheat.....	do.	235	238	243	245
Grain sorghum.....	do.	68	52	109	71
Crop yields per acre:					
Wheat.....	Bushel	26.0	24.0	26.0	25.0
Grain sorghum.....	Cwt.	16.9	18.5	16.5	16.5
Prices received for products sold:					
Wheat, per bushel.....	Dollar	1.75	1.80	1.75	1.80
Grain sorghum, per cwt.....	do.	1.39	1.64	1.39	1.64
Cattle, per cwt.....	do.	20.47	21.01	18.80	19.70
Index numbers (1957-59=100):					
Crop yields per acre.....	---	131	121	158	158
Prices received for products sold.....	---	97	102	100	105
Prices paid, including wages to hired labor....	---	103	105	102	103

^{1/} Preliminary.

Note: Information presented here is on an owner-operator basis primarily for comparability between types of farms. Net farm income is the return to operator and unpaid members of the family for their labor and management on the farm and return to total capital. No allowance has been made for payment of rent, interest, or mortgage.



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